

MAA RESPONSE TO DLS ANALYSIS

***DLS Budget Analysis Issues***

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**1. Purchase of Shuttle Buses (Pages 23-27)**

*DLS recommends that MAA comment on (1) the proposed financing method for the shuttle buses; (2) why it believes purchasing the shuttle is more cost effective than allowing a bus operator to do so; (3) oversight of private contractors and what changes to the current contract will be required to give MAA greater leverage over customer service issues and maintenance; (4) whether MAA would consider purchasing minibuses, or a mix of different size buses; and (5) the prospect of working with MTA during the shuttle bus procurement process.*

**MAA Response:**

The Maryland Aviation Administration (MAA) is about to issue a Request for Proposal (RFP) for the operation of parking shuttle service at BWI. It is in the State’s best interest to purchase the buses for this service and lease them back to the contractor, rather than have the contractor provide them under the contract to be awarded. State acquisition of these buses would not only save money, but also very importantly provide a higher level of customer service for BWI passengers.

The current parking shuttle buses have become a major customer service issue for the MAA. The buses provided by the current contractor vary in age, type and accessibility features. Some have surpassed the manufacturer’s useful life expectancy. Because the parking and shuttle services are currently bundled together in one contract, it is difficult to make changes or improvements to the existing shuttle bus service. Under the current arrangement, the MAA has limited contractual authority to force the subcontractor to improve the quality of the existing shuttle buses.

The MAA intends to enter into a three-year shuttle service contract with the option for two one-year renewals. This would give the MAA the flexibility necessary to make changes if the contractor does not provide excellent customer service. We will closely monitor the contractor with dedicated MAA staff to ensure the company meets specific performance standards included in the contract for customer service and maintenance. The MAA would also hire an independent maintenance firm to review maintenance records and do random, unannounced inspections to ensure the buses are being maintained in accordance with the manufacturer’s recommendation. The contract will also include both incentives for excellent customer service and maintenance and stiff penalties for non-performance.

## **“J00I00 – MDOT Maryland Aviation Administration”**

### **MAA RESPONSE TO DLS ANALYSIS**

An independent study conducted by BoozAllen Hamilton concluded that the MAA’s purchase of the shuttle buses would not only improve customer service, but also save the State money. MAA ownership of the buses would increase competition in the procurement process and encourage the participation of local and minority-owned bus operators. Requiring potential shuttle service operators to make such a large capital investment in buses would severely limit competition for the contract, because the likely bidders would be limited to five large national companies that have sufficient financial resources. This lack of competition would result in higher operating costs over the life of the contract. In addition, small and minority-owned companies would be at a significant disadvantage in competing for the contract due to the large capital investment required.

Money also would be saved because the Maryland Department of Transportation’s borrowing costs are significantly lower than those of private sector shuttle operators. The Department has reviewed several financing methods for the 50 shuttle buses and is recommending the issuance of Certificates of Participation. The MAA has previously used Certificates of Participation for other capital projects at the BWI Airport, including the Concourse B Extension.

If the MAA is permitted to purchase the buses, we would utilize an existing competitively bid contract for the buses that would substantially reduce the procurement time and avoid the cost of developing detailed specifications for the buses. We would also work closely with the Maryland Transit Administration on thorough quality-control inspections and tests during the production of the buses.

Finally, the RFP requires the contractor to provide “minibuses” to serve our express service customers and could also be used during non-peak times. These lower cost vehicles typically have useful lives of five to seven years and most contractors have an adequate inventory or ability to readily purchase them. In addition, financing these vehicles over the 12-year maturity of the Certificates of Participation would be more costly.

In summary, it is in the best interest of the State, both financially and in quality of service, to acquire a fleet of 50 buses for the parking shuttle service at BWI. We respectfully request budget committee approval.

**MAA RESPONSE TO DLS ANALYSIS**

**2. Maryland Aviation Commission Report (Pages 27-28)**

*DLS recommends that MAA consider producing a BWI annual report if future funds become available, and consider expanding information in the financial results and aviation activity sections of the MAC report.*

**MAA Response:**

The MAA concurs with the Analyst’s recommendation.

**3. New Consolidated MAA Facility (Page 28)**

*DLS recommends adoption of committee narrative, which directs MAA to provide an update on proposals for a new consolidated MAA facility.*

**MAA Response:**

The MAA concurs with the Analyst’s recommendation.

**MAA RESPONSE TO DLS ANALYSIS**

***Operating Budget Recommended Actions***

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**1. Update on the Consolidated Maryland Aviation Administration (MAA) Facility (Page 29)**

*DLS recommends the committees support an effort by MAA to provide an update on proposals for a new, consolidated MAA facility. MAA should provide a cost benefit analysis comparing current facility costs with estimated costs for a new facility. The analysis should include the possibility of a new location built on adjacent land to the Maryland Department of Transportation (MDOT) Headquarters Building, as well as other sites near BWI by December 1, 2004.*

**MAA Response:**

The MAA concurs with the Analyst’s recommendation.

**MAA RESPONSE TO DLS ANALYSIS**

***Paygo Capital Budget Recommended Actions***

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- 1. Reduce funds for purchase of the shuttle bus fleet at BWI Airport. (Page 29)  
\$2,000,000 SF**

**MAA Response:**

The MAA concurs with the Analyst’s recommendation.